

## Message Text

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ACTION EB-11

INFO OCT-01 ARA-16 ISO-00 SS-20 L-03 NSC-07 CIAE-00 INR-10

NSAE-00 PA-04 RSC-01 USIA-15 PRS-01 SPC-03 CIEP-02

OMB-01 COME-00 FRB-02 TAR-02 TRSE-00 STR-08 CEA-02

AID-20 AGR-20 DRC-01 /150 W  
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P 091600Z MAR 74

FM AMEMBASSY BOGOTA

TO SECSTATE WASHDC PRIORITY 1675

C O N F I D E N T I A L BOGOTA 2048

EO 11652: NA

TAGS: ETRD CO

SUBJ: REACTION OF THE ECONOMIC SECRETARY TO THE PRESIDENT ON  
COUNTERVAILING DUTIES

REF: BOGOTA 1860

1. ECONOMIC SECRETARY TO THE PRESIDENT ENRIQUE LOW OFFERED ECONOMIC COUNSELOR AND FINANCIAL ATTACHE HIS INITIAL REACTION TO THE COUNTERVAILING DUTY PROCEEDINGS AGAINST CUT FLOWERS IMPORTED FROM COLOMBIA. COUNTERVAILING PROCEEDINGS WILL, ACCORDING TO LOW, CAUSE BOTH SERIOUS ECONOMIC AND POLITICAL PROBLEMS FOR COLOMBIA.

2. ON THE ECONOMIC SIDE HE SAID IT WAS HIS BELIEF COLOMBIAN FLOWER GROWERS WILL BE UNABLE TO SUSTAIN THE COUNTERVAILING DUTIES ON TOP OF RECENT REPORTED INCREASES IN US TARIFF FOR CUT FLOWERS AND INCREASED TRANSPORTATION COSTS. FURTHERMORE THE GOC WOULD BE FACED WITH THE PROBLEM OF HOW TO DEAL WITH CAT PAYMENTS TO FLOWER EXPORTERS TO THIRD COUNTRY MARKETS. MORE IMPORTANTLY IF COUNTERVAILING DUTIES ARE APPLIED TO FLOWERS IT COULD ESTABLISH A DANGEROUS PRECEDENT WHICH MIGHT SUBSTANTIALLY ADVERSELY AFFECT THE VALUE OF OTHER EXPORTS WHICH ALSO PRESENTLY BENEFIT FROM CATS. THIS COULD DO SUBSTANTIAL DAMAGE TO COLOMBIA'S  
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EXPORT PROMOTION EFFORTS.

3. LOW STATED THAT POLITICALLY THE TIMING COULD NOT HAVE BEEN WORSE. WITH PRESIDENTIAL ELECTIONS ONLY A MONTH AWAY IT WILL BE DIFFICULT FOR THIS ADMINISTRATION TO TAKE ACTION FOR FEAR OF PROVIDING A MAJOR POLITICAL ISSUE ON THE EVE OF THE ELECTIONS. IN ANY EVENT LOW BELIEVES IT WOULD BE ILLEGAL TO CHANGE THE CAT SYSTEM ADMINISTRATIVELY BEFORE JAN OF NEXT YEAR EXCEPT BY SPECIAL LEGISLATION. MOST IMPORTANT HOWEVER WAS LOW'S OBSERVATION THAT TO ANNOUNCE COUNTERVAILING DUTIES NOW WAS TO HIM INCONSISTENT WITH THE SPIRIT OF THE RECENT MEXICO FOREIGN MINISTERS MEETING AND STATEMENTS MADE THERE BY SECRETARY KISSINGER REGARDING AVOIDANCE OF FURTHER RESTRICTIONS ON ACCESS TO THE US MARKET.

4. IF LOW IS SUCCESSFUL IN ARGUING HIS CASE WITHIN THE GOC WE CAN EXPECT THAT: (A) THE PRESIDENT WILL CALL IN THE CHARGE TO EXPRESS GOC CONCERN (HE SAID HE WAS CONSIDERING RECOMMENDING SUCH ACTION), AND (B) A DIALOG WILL BE INITIATED WITH THE GOC AMBASSADOR IN WASHINGTON REPRESENTING COLOMBIA IN DISCUSSIONS WITH TREASURY. LOW DECLARED THAT AMB BOTERO WAS AN EXCELLENT NEGOTIATOR AND THAT IT WOULD MAKE SENSE TO HAVE HIM CONDUCT THE DISCUSSIONS IN WASHINGTON.

5. BEGIN COMMENT. IF LOW IS CORRECT IN JUDGING THE SITUATION WE CAN EXPECT GOC REACTION BASICALLY ALONG LINES OUTLINED REFTTEL. WE WOULD APPRECIATE ANY INFO ON ALLEGED INCREASES IN TARIFFS FOR CUT FLOWERS (PRESUMABLY THROUGH CHANGES IN VALUATION PROCEDURES). WE ARE REPORTING FORMAL APPROACH TO FONOFF IN SEPTTEL. WHITE

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## Message Attributes

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**Current Classification:** UNCLASSIFIED  
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